

AWARD

**NASD REGULATION, INC.,
OFFICE OF DISPUTE RESOLUTION**

In the matter of the Arbitration Between

Name of Claimant

Lehman Brothers, Inc. f/k/a
Shearson Lehman Brothers, Inc.

v.

NASD Regulation, Inc.
Arbitration No. 95-02814

Name of Respondent

Jeffrey L. Margulies

REPRESENTATION

For Claimant:

Neal S. Robb, Esq.
Keesal, Young & Logan
Long Beach, California

For Respondent:

Jeffrey L. Margulies, In Pro Per
Santa Barbara, California

CASE INFORMATION

Statement of Claim filed:	June 2, 1995
Claimant's Submission Agreement signed:	May 31, 1995
Statement of Answer filed by Respondent:	October 17, 1995
Respondent's Submission Agreement signed:	December 7, 1995
Counter-Claim filed by Respondent:	March 26, 1996
Claimant's Answer to Counter-Claim filed:	November 19, 1996

HEARING INFORMATION

Full Panel Pre-Hearing
Conference Date / Session:

April 22, 1996 (1 session)

One Panel Member Pre-Hearing
Conference Dates / Sessions:

June 25, 1996 (1 session)
October 28, 1996 (1 session)
January 30, 1997 (1 session)

Hearing Dates / Sessions:

May 7, 1997 (2 sessions)
May 8, 1997 (2 sessions)

Hearing Location:

Los Angeles, California

CASE SUMMARY

Claimant alleged that Respondent failed to repay a promissory note that became due at the time of Respondent's termination.

Respondent denied each and every allegation of wrongdoing set forth in the claimant's Statement of Claim.

Respondent filed a Counter-Claim against Claimant. Respondent alleged that Claimant induced Respondent to sign the promissory note through fraudulent means. Respondent further alleged that Claimant failed to keep its promises regarding Respondent's employment. Respondent also alleged that there was an on-going ethical conflict between Respondent and Claimant.

Claimant denied each and every allegation of wrongdoing set forth in Respondent's Counter-Claim.

RELIEF REQUESTED

Claimant requested \$114,188.00 in compensatory damages. Claimant further requested interest, attorney's fees, and costs.

Respondent requested that Claimant's claims be dismissed in their entirety.

Respondent requested \$114,188.00 in compensatory damages. Respondent also requested \$560,000.00 for loss of income due to his termination. Respondent further requested costs.

Claimant requested that Respondent's Counter-Claim be denied in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either counterpart copies or that a handwritten, signed award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the original remains on file with the NASD Regulation, Inc. Office of Dispute Resolution.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Jeffrey L. Margulies, is liable to and shall pay Claimant Lehman Brothers, Inc. (a) the principal sum of \$114,188.00, (b) accrued interest thereon to date of Award in the sum of \$31,847.00, and (c) as provided for in the terms of the promissory note signed between Claimant and Respondent, attorneys fees in the sum of \$25,000.00, for a total Award of \$171,035.00;
2. Post Award interest on the unpaid balance shall accrue at the rate of ten (10%) percent per annum;
3. Respondent's Counter-Claim is without merit and is denied in its entirety.

FORUM FEES

Pursuant to Rule 10332(c) of the Code of Arbitration Procedure, the following forum fees are assessed equally against Claimant and Respondent:

One (1) Full Panel Pre-Hearing Conference @ \$750.00/Session	= \$750.00
Four (4) One Panel Member Pre-Hearing Conference @ \$300.00/Session	= \$1,200.00
<u>Four (4) Hearing Sessions @ \$750.00/Session</u>	<u>= \$3,000.00</u>
Total Fees Assessed	= \$4,950.00

Claimant's One-Half Share	= \$2,475.00
<u>Claimant's Credit for Hearing Session Deposit</u>	<u>= \$750.00</u>
Claimant's Balance Due	= \$1,725.00

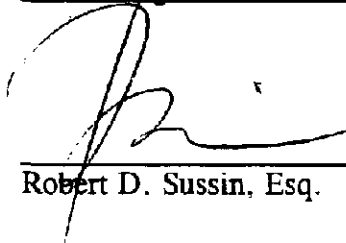
Respondent's One-Half Share	= \$2,475.00
<u>Respondent's Credit for Hearing Session Deposit</u>	<u>= \$1,000.00</u>
Respondent's Balance Due	= \$1,475.00

Fees are payable to NASD Regulation, Inc.

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
Robert D. Sussin, Esq.	Industry Arbitrator
Donald L. Lisle	Industry Arbitrator
Leo M. Klein, CPA	Industry Arbitrator

Concurring Arbitrators' Signatures



Robert D. Sussin, Esq.

Donald L. Lisle

Leo M. Klein

Date of Decision: May 12, 1997

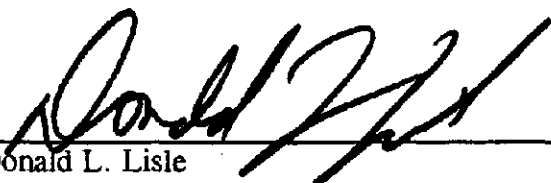
Date of Service: _____

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Robert D. Sussin, Esq.



Donald L. Lisle

Leo M. Klein

Date of Decision: 5/8/97

Date of Service: _____

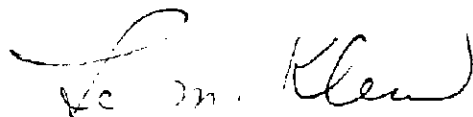
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Concurring Arbitrators' Signatures

Robert D. Sussin, Esq.

Donald L. Lisle



Leo M. Klein

Date of Decision: _____

Date of Service: 5/19/97